

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, April 08, 2021

TIME: 1:30 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza, Bayer, Ricks, Nye, and Rabe

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 1:31 p.m.

MINUTES APPROVAL: **Senator Souza** moved to approve the Minutes of March 10, 2021. **Senator Bayer** seconded the motion. The motion carried by **voice vote**.

Senator Ricks moved to approve the Minutes of March 11, 2021. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

Senator Bayer moved to approve the Minutes of March 17, 2021. **Senator Ricks** seconded the motion. The motion carried by **voice vote**.

Senator Nye moved to approve the Minutes of March 18, 2021. **Senator Ricks** seconded the motion. The motion carried by **voice vote**.

HCR 15 **Authorizes the Legislative Council to Appoint a Legislative Interim Study Committee on Property Taxes and Revenue Expenditures.** **Representative Jim Addis**, District 4, presented **HCR 15**, explaining that it would authorize the Legislative Council to appoint an interim committee to undertake, and complete, a study of property taxes and property tax revenue expenditures. **Representative Addis** reported that essentially, **HCR 15** would be a continuation of work started by the previous interim study committee. If **HCR 15** is authorized, he anticipates the committee to meet four or five times throughout the interim, continuing the discussion on topics from the last interim committee as well as other items that impact property taxes.

MOTION: **Vice Chairman Grow** moved to send **HCR 15** to the floor with a **do pass** recommendation. **Senator Bayer** seconded the motion. The motion carried by **voice vote**.

H 332 **To Revise Provisions Regarding Income Tax Rates and the Tax Relief Fund, and to Provide for a One-Time Income Tax Rebate.** **Representative Steve Harris**, District 21, presented **H 332**, explaining to the Committee that there are two separate components of the bill: tax relief and a tax rebate. **Representative Harris** informed the Committee that the funds used to provide the tax relief and rebate in **H 332** is money allocated in the Governor's budget in January. **H 332** reduces all income tax brackets, setting the top individual and corporate tax bracket to 6.5 percent, and provides Idaho taxpayers a one-time sales tax/income tax rebate. The rebate will be provided in the amount of \$50 per taxpayer or dependent, or 9 percent of income tax paid in 2019, whichever is greater. **Representative Harris** told the Committee that it is important taxpayers understand **H 332** is not a subsidy

or part of a COVID-19 relief package. It can be simply explained that the State took too much of the taxpayers' money and the State desires to return a portion of it.

- TESTIMONY:** **Kathy Dawes**, on behalf of Susan Ripley, President, League of Women Voters (League), testified in opposition to **H 332**. **Ms. Dawes** stated the League believes tax cuts and rebates are not appropriate at a time when Idaho's school districts depend on supplemental levies to maintain educational programs. **Ms. Dawes** informed the Committee that the League requests amending **H 332** by removing the section that reduces the personal income tax rates and provides rebates. She said those sections would result in insignificant relief for low-and middle-income taxpayers, and leave the corporate rate as is. This would maintain \$220 million of one-time money, plus \$110 million of ongoing money that could be added to public school budgets, she said.
- Miguel Legarreta**, Associated Taxpayers of Idaho, testified in support of **H 332**.
- Alex LeBeau**, Idaho Association of Commerce and Industry (Association), testified in support of **H 332**. **Mr. LeBeau** clarified that his organization supports **H 332**, even though the Association believes that amendments to the taxpayer brackets are necessary. **Mr. Lebeau** explained that the dollars returned to the taxpayers re-enter the economy, and the Association believes **H 332** to be good legislation for Idaho's economy.
- DISCUSSION:** **Senator Rabe** questioned if the one-time tax rebates are possible because of ongoing state funding or because federal funds are replacing state money that would otherwise be spent. **Representative Harris** replied that he believes some of the sales tax increases are from federal money being spent. However, he does not believe that has an affect on income taxes.
- MOTION:** **Senator Bayer** moved to send **H 332** to the 14th Order of Business for possible amendment. **Senator Vick** seconded the motion.
- DISCUSSION:** **Senator Lakey** indicated his support for **H 332**, while agreeing that the amendments are necessary. **Senator Lakey** expressed his concern that the compromise included the sunset on H 259 (2019), commonly referred to as the Wayfair bill. He believes that sunset should remain in place and allow sales tax to be treated as sales tax. **Senator Vick** stated his interest in reducing the number of income tax brackets, and perhaps include that in the amendments.
- SUBSTITUTE MOTION:** **Senator Nye** moved to hold **H 332** in Committee, subject to call of the Chair. The motion died for lack of a second.
- VOICE VOTE:** The motion to send **H 332** to the 14th Order of Business for possible amendment carried by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 2:20 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary